2: Murphy G-4 (no date) 1953 AF15 East China AF15

settlement or holding property, and certainly areal concessions were not in the mind of either of the parties. The right to lease land was left to be negotiated in each case through the local officials at the treaty ports, a reflection of Peking's lack of interest in relations with the foreigners. Article XI of the Treaty of Tientsin in 1858 legalized this practice, already developed in the treaty-ports "including the right of residence, of buying or renting houses, of leasing land, and of building churches and cemeteries."[9] On this flimsy legal basis, the political and economic structure of foreign Shanghai was erected.

Trade had escaped from its traditional Chinese cage at Canton, and was able at Shanghai to develop on a Western pattern by Western rules instead of being regulated at every point by semi-official Chinese merchants. The Treaty of Nanking between China and Great Britain was followed in 1843 by the Treaty of Wang Hsia between China and the United States, which extended trade and residence rights in the treaty ports to United States citizens and which also stated explicitly for the first time the condition of extraterritoriality. Similar treaties were negotiated by France and Russia in 1844 and 1858 respectively.

The Settlements at Shanghai

George Balfour, the first British consul at Shanghai, arrived November 8, 1843, and declared the port open to foreign trade on November 14. His primary job was arranging for the leasing of land to foreign traders. His original agreement with the taotai in 1843 provided for an area of about 43 acres within the site selected by Pottinger where foreigners might lease land in perpetuity, since the Chinese at that time refused to sell. The western boundary of this area was extended by similar agreement in 1845 to include a total of about 180 acres, and in 1849 the boundary was moved farther west to Defense Creek, bringing the area of the British Settlement to 470 acres (map 6). The maps attached to each of these agreements were lost when the Chinese city was taken by rebel forces in 1853 and when the British Consulate burned in 1870, and the boundaries of the Settlement were not demarcated at all until 1889.

Foreign merchants who leased land within this Settlement had to agree by contract to allow the former Chinese owners to visit their

2: Murphy G-4 (no date) 1953 AF15 East China AF15

ancestral graves at will. During the first months after November 1843, many of the Chinese owners refused to vacate houses and land already leased to foreigners and had to be paid a fee or were forcibly ejected. The numerous disputes over the property rights of foreigners resulted in the Land Regulations of 1845 negotiated between Balfour and the taotai which, *inter alia*, forbade Chinese residence within the Settlement and made foreigners responsible for its upkeep and policing from their own funds. These were raised by a committee of foreign merchants, appointed by the British consul, which assessed each foreign landrenter and controlled community expenditures.

An American Settlement in Honkew, never defined or legally established, amalgamated with the International Settlement in 1863. The French merchants, however, proceeded independently and negotiated with the taotai their own set of Land Regulations, issued in 1849, for an area set apart for French leasing immediately south of the International Settlement, between the Yang Ching Pang and the city wall. This Settlement, and its later extension, inaccurately titled the French "Concession," remained under separate French administration until the rendition of all foreign rights.[10]

While the position of the foreigners at Shanghai fell far short of actual sovereignty, it was a long step from their confined position at Canton. Travel into the surrounding country was permitted on condition that the travelers return to Shanghai the same day, and there was no requirement for the foreigners to leave at the end of the trading season as formerly at Canton. Most important, however, was the escape from the Canton Cohong. Foreign traders were now free to deal with any Chinese merchant they wished, and could employ their own Chinese agents for buying and selling in the hinterland, a significant advantage which the foreign firms soon put to use. Business could be conducted without the semi-official supervision of the Cohong and its function as the watchful eye of Peking in all dealings with the foreigners.

This monopoly, so useful both economically and diplomatically, died hard. In Canton, the Cohong continued in effect in disguised form by the simple device of preventing the appearance of other Chinese firms in the market. All trading with the hinterland was managed through the Cohong firms as before, and foreigners could

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

new dormitories. Provision for rooms for drying workers' clothes by steam, instead of having them hanging damp, depressing and unhygienic in already crowded bedrooms, represented further betterment. Standards were rising. The happiness of workers in dormitories is conditioned also by psychological factors. In an effort to enlist dormitory matrons in the campaign for better conditions of dormitory life, a course of discussions over six weeks was held. Thirty-six women from twenty-six factories came, their interest increasing as the course proceeded. Hygiene in the dormitory, food, provision of recreation and education, and some talks aimed to interest the matrons in achieving harmony and more ordered living were among the subjects discussed. Individual visits were paid to the matrons and they were encouraged to come to the office of the Division for consultation and refreshment in their task.

REFERENCE HAS BEEN made to the high rents which the overcrowding resulting from hostilities produced. Rents in 1942 were almost five times what they had been in 1936. To some actual property owners this figure seemed fantastic. By rulings of the First Special District Chinese Court, rentals of those lessees amenable to the Court were not permitted to be raised by more than twenty per cent, which means that the property owner did not receive more than twenty per cent above his 1936 rate. His costs meantime increased greatly. Charges for water consumed in many cases equalled the rent received. For the purpose of the cost of living index figures, actual "retail" rentals paid by sub-tenants who rent a portion of a house from the principal tenant were considered. The principal tenant, taking advantage of the enormous demand for housing produced by the hostilities, raised the rentals of his sub-tenants on every pretext.

To discover the extent to which principal tenants were exploiting the housing shortage and squeezing the last cent possible from their sub-tenants, a study of the problem was made by Council officials in 1940. A typical situation was found to be as follows. The principal tenant paid his landlord an annual rental of only $960, although investigation of investment, water costs, which the landlord met, and other charges demonstrated that he should, instead, have paid $1,398. In rentals from his sub-tenants, however, he took in $2,004, in addition to the value of the space which he

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

511 occupied, worth another $550 to him—or $2,554 in all. Admitting
427 that he was entitled to a certain return on his investment and for services, and putting this at the generous figure of twenty-five per cent, his excess profit after all charges was $453, approximately fifty per cent of his initial rental.

In face of sufficient houses for the increased population the find-
511 ing of any basic solution to the situation proved difficult. During
427 1940 Council officials and committees sought means to relieve the
633 obviously exploited sub-tenant and to give the actual owners of houses a return on their property more in keeping with their increased liabilities. Every conceivable method was considered. The proposal was made to property owners, for example, that they might let directly to sub-tenants, eliminating the functions of principal tenants, but many legal difficulties appeared. Tenants on monthly leases had a virtually perpetual lease, as interpreted by the Chinese courts. A suggestion was made in 1940 that controls might be exercised through licensing sub-lessors. Legal advice then held that it was not within the Councils competence to license sub-let premises. Competent Chinese advisers warned against instituting a procedure which might create difficult relations between the principal tenant and his sub-tenants. In the housing shortage, they stated, no sub-tenant would dare to take advantage of a provision aimed to reduce his rentals. Without a new dwelling to which to go, he would rather pay his present rent than create a strained situation finally forcing him to move.

But emergencies frequently shake authorities from their purely legalistic interpretations, sometimes with social betterment in consequence. After the outbreak of Pacific hostilities in December 1941, it was apparent that unemployment consequent on this development would make it impossible for many, even those formerly well placed, to pay ruling rents. Accordingly the Council issued a notification forbidding landlords to evict tenants during a period of three months, and instructed landlords and tenants to reach mutually satisfactory rental relations without recourse to the Courts. A Conciliation Board was established to mediate rental disputes between landlords and tenants. Sanction of the Consular Body was obtained for a new Byelaw to require a licence to sub-let and to make the acceptance of key money illegal. Through the licence the rentals of sub-let premises could be controlled. From

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

the point of view of the people's livelihood, this measure involving control of rentals of 250,000 families was potentially an important social instrument. By the conditions of licence, the licensee had to post in a conspicuous place the exact rental paid by him to the landlord, together with his outpayments for municipal rate, licence fee, water and light charges if the licensee supplied light to the sub-tenants. Upon the basis of these total charges the sub-lessor might make a profit of not more than 20 per cent or a similar profit proportionately for any portion of the house sub-let. An important provision stated that no addition might be made to a sub-tenant's rental to compensate the licensee in respect of any money paid for alterations made to the premises. The significance of the key-money provision will be discussed later.

In the first quarter, 42,000 licences were taken out. An inspection staff paid 19,000 visits in this quarter, first instructing as to the necessity for obtaining a licence, then as to the method of computation of the rentals of various locations. To reinforce the efforts of the inspection staff 65 cases were instituted in the First Special District Court. Fines up to $250 and in five cases imprisonment, in one case up to six days, were inflicted. By the end of the first three months it was calculated that the rentals in 30 per cent of the sub-let premises had been adjusted in accordance with the provisions of the licence. By the licence conditions also, sub-let premises further sub-let could not earn any further profit. Since this practice had been very common the provision was a further factor in keeping down the people's rent.

Key money is a lump sum payment demanded by a landlord before he will give tenancy of a house: or by a tenant in the transfer of a lease: or by a tenant wishing to sub-let. It is not recoverable. When housing shortage is acute, key money for accommodation may be many times the monthly rental and can run into thousands of dollars for a house whose monthly rental is one or two hundred. The Byelaw forbade the demanding or taking of key money, or the taking of money in excess of the market value of furniture or fixtures for any premises let. Cases of key money came easily to light, through newspaper advertisements on the part of those not yet cognisant of the new ruling, or through information obtained by inspectors on their rounds. The support of the Court was obtained in applying the penalty of detention upon proper legal

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

basis but contrary to usual practice in cases involving infraction of a Byelaw. A judgment of three months' imprisonment was handed down in one case where the accused was charged with taking $20,000 key money. When the sale of furniture and fixtures was involved, valuation by the Court's valuers was obtained, on the basis of which a case was instituted if it was found that the sum asked in the transfer of premises was greatly in excess of the value of these items. It will take a considerable period before key money will become recognised as being illegal, and there will always be cases where payments are made secretly. There will always be those ready to pay illegally for what they cannot obtain otherwise. Nevertheless a beginning was made in destroying the value which accrues to the tenant from the mere holding of a tenancy. Related to the question of key money was the provision in the licence to sub-let that not more than one month's rent could be collected in advance. Without such a provision a lump sum payment could be passed off as rental in advance, though monthly rentals would, in fact, also be collected.

The licence to sub-let aimed also at improving actual housing conditions. It required that the kitchen in a house might not be sub-let for residential purposes. It provided that passages must be kept free and rear and front entrances available for use at any time. If conditions become such that housing shortage becomes less acute, the instrument of licence could be used further to require improvement in housing conditions. Use of lofts as living accommodation, for example, might ultimately be forbidden.

There exists another instrument which might be invoked. A proposal by the Council to prevent overcrowding was approved in the form of a Byelaw by the Ratepayers' Meeting in April 1941. For years its necessity had been admitted, but difficulties in obtaining a quorum of ratepayers had prevented this and other needed reform measures from securing formal approval. It was understood that the Commissioner of Public Health would apply the Byelaw with discretion, at first only in the most flagrant cases, because of the housing shortage.[6] Nevertheless its existence provided an instru-

[6] *Byelaw against overcrowding*: "Every building or any part thereof found to be inhabited in excess of a proportion of one person for every thirty square feet of habitable floor space, or superficial area, and four hundred cubic feet of clean and unobstructed internal air space shall be deemed to be overcrowding, and the householder shall be liable to penalty or fine not exceeding twenty-five dollars."

3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

A study of the livelihood of the pullers made by the Industrial Division showed that the puller had each day to pay forty-seven per cent of his earnings for the rent of his vehicle. The large number of rickshas on the streets introduced an element of competition for "fares," with the result that, after a long day's work, a puller would sometimes find himself with only enough money to pay the rent for his ricksha. Moreover, a puller cannot work every day. If he pulls as many as twenty days in the month, it is all he can do. The long hours of running demand long resting periods, at least one day in every three.

The Council adopted the Committee's recommendations that the rental should be fixed by the Council, and that, in order to form a pullers' welfare fund, a sum should be added to the rental, which owners would collect and deliver to the Council when paying for their licences. This plan was in effect an elementary form of social insurance where the puller paid all the contributions, since they came from an enlarged rental, but the necessity for meeting many kinds of need precluded adequate arrangements being made for any one of them. An organisation arose, known as the Pullers' Mutual Aid Association, with trustees appointed partly by the Council and partly by the Chinese Ratepayers' Association. The number of pullers was so large that not all could benefit from the social work. One of the largest social programmes in the Far East nevertheless came into being with the "P.M.A.A." It operated tea and bath houses, a hospital for pullers, paid expenses in other hospitals, paid funeral expenses, operated schools for pullers and for their children, and served the group in many other ways.

Pullers had to register with the police. The turnover in pullers was very considerable. A study made by the Ricksha Control Officer in July 1940 showed that only two per cent of those still pulling had been registered in 1934. In 1940 eighteen per cent were newly registered.

With rising living costs in the years after 1937, owners of public rickshas petitioned regularly for permission to increase ricksha rents. To enable them to pay higher rental charges, ricksha pullers had to earn more. At intervals, and always prior to allowing any change in the hire charges, a study was made of the earning capacity of the puller. He proved able to adjust his earnings to his increased living costs and higher rental charges to a degree at first believed impossible.